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UNCLAS SECTION 01 OF 02 ASHGABAT 000085

SENSITIVE

SIPDIS

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TAGS: [PGOV](#) [PREL](#) [EAID](#) [TX](#)

SUBJECT: GOVERNMENT SHAKEUP LEADS MINFIN TO REQUEST IFRS TRAINING
FROM USAID

REF: (A) 08 ASHGABAT 1103 (B) 08 ASHGABAT 1227
(C) 08 ASHGABAT 0040

[11](#). (U) Sensitive but unclassified. Not for public Internet.

[12](#). (SBU) SUMMARY: In response to the January 15 government personnel changes, a Ministry of Finance department head requested a meeting on January 16 with USAID FSN in which he pleaded for USAID training for the Ministry's staff on International Financial Reporting Standards (IFRS). He said that the Ministry needs at least 100 staff members competent with IFRS. The State Agency for Management and Use of Hydrocarbon Resources (State Agency) also needs similar training following last year's change in the Law on Hydrocarbons, which required the State Agency to accept IFRS-compliant reports from international companies (Ref A). The State Agency does not have sufficient competent staff to meet this requirement. Current funding levels do not allow USAID to respond favorably to this request.

SHAKEUP RATTLES NERVES AT MINFIN

[13](#). (SBU) On January 16, USAID Economic Growth FSN and the Program Coordinator for the UN Development Program (UNDP), which cooperates with USAID on IFRS transition in banking sector, were summoned to the Ministry of Finance for what turned into a 2-hour informal meeting to discuss possible support by USAID for IFRS training. Ministry of Finance Department Head for Accounting and Tax Policy, Babajan Charyev, requested USAID assistance in providing IFRS training for Ministry accountants and other specialists, including those at other state-owned enterprises. Charyev referred to President Berdimuhamedov's recent comments urging speedier progress in the transition to IFRS, and said that the Ministry needs at least 100 people competent in IFRS in order to meet these demands. Charyev acknowledged that the Ministry should have started this work earlier and regretted the Ministry had not accepted previous offers of cooperation from USAID. Recognizing the long-term benefit of the approach, he expressed appreciation for USAID's work with the Supreme Council on Science and Technology under the President of Turkmenistan to integrate IFRS-compliant courses into the higher education curriculum. (Ref B)

[14](#). (SBU) Charyev said that the State Agency for Management and Use of Hydrocarbon Resources also needs IFRS training following last year's change in the Law on Hydrocarbons, which required the State Agency to accept IFRS-compliant reports from international

companies. The State Agency does not have sufficient competent staff to meet this requirement. In contrast to the Ministry of Finance, which has no available funds, Charyev suggested that the State Agency may use its own funds to pay for trainings.

FUNDS NOT AVAILABLE TO EXPAND CURRENT USAID TRAININGS

15. (SBU) Charyev said ongoing European Union (EU-TACIS) funded assistance does not include support for trainings. USAID FSN explained that current USAID funding is not sufficient to expand the accounting training already planned under its existing Memorandum of Understanding (MOU) with UNDP and the Central Bank of Turkmenistan (CBT). If necessary, Charyev said the Ministry would sign a MOU with USAID to implement IFRS activities. USAID offered to organize a meeting with the Economic Reform to Enhance Competitiveness (EREC) project's accounting expert during his next travel to Turkmenistan (planned for mid-February) to discuss the challenges and possible responses.

16. (SBU) COMMENT: The Ministry of Finance has been among the most reluctant of the economic ministries to accept USAID's offers of cooperation, preferring instead to work exclusively with EU-TACIS. That it has now requested urgent support in pursuit of President Berdimuhamedov's mandates signals a change in attitudes within the government. Regrettably, this and other opportunities to expand cooperation in the economic sector (Ref C) will be missed in the absence of additional funding. The introduction of IFRS in Turkmenistan is a key part of the United States' goal to promote an open, diversified, and market-based economy, as well as increased U.S. investment and trade volumes. Increased funding levels that promote economic reforms would both improve our position as a reliable provider of quality technical assistance and support

ASHGABAT 00000085 002 OF 002

Turkmenistan as well as help achieve our goal of increased foreign investment. END COMMENT.

MILES